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Panama: Top Panamanian leaders have revealed a strong interest in resuming canal treaty negotiations with the US.

President Lakas told US officials yesterday that he recognized that the US would have to defend the canal and continue to operate it. He asserted, however, that his country should derive greater economic benefits from the canal and that all income-producing activities in the Canal Zone, except for the canal itself, should be in "private hands" and subject to Panamanian law. A similar position was taken by Panamanian strongman General Torrijos, who suggested that although he would not accept US control of the canal in perpetuity, he had no precise date in mind when the US would have to leave. Many of the US officials present were impressed with Lakas' apparent sincerity. They told Ambassador Sayre that if these indeed were the broad outlines of Panama's position, it should be possible to reach agreement.

On Wednesday the foreign minister suggested that negotiations begin with private talks on the general principles upon which new treaties could be based. The Panamanians then would want a public announcement of these principles and of the formal resumption of negotiations.

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[El Salvador - Honduras: The first serious border incident since last summer's five-day war occurred yesterday.

Each country has publicly accused the other of sending troops and aircraft across the border. Both claim to have repulsed the attack; thus far only two casualties have been reported. The Salvadoran high command informed US officials that a clash had also occurred on Wednesday.

Last month Honduras had complained to the OAS about a series of Salvadoran incursions. OAS military observers reported that armed Salvadoran civilians had been responsible and the Salvadoran Government had given assurances that these elements would be curbed.

In spite of these tensions, both governments had been inching toward a negotiated settlement and only last Monday bilateral talks had begun in Costa Rica. Yesterday's incident represents a serious setback for efforts to normalize relations and will undoubtedly strengthen the hand of those on both sides who, for political and nationalistic reasons, have opposed compromise. It may even endanger the cease-fire agreement.

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Peru: The "collectivization" of one of Lima's principal newspapers may be the government's next move to quell opposition to the new press law.

Editorial attacks on the restrictive press law have continued unabated since the decree was promulgated by the government on 31 December 1969. In addition, the Peruvian Federation of Journalists has taken the matter to the courts, claiming that the decree restricting freedom of the press is unconstitutional. Alfonso Benavides Correa, a radical leftist lawyer who has served as one of President Velasco's advisers for more than a year, has been named to defend the government's position in the Supreme Court.

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